

**REDUCING THE DEFICIT:  
SPENDING AND REVENUE OPTIONS**

**The Congress of the United States  
Congressional Budget Office**

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## NOTES

Unless otherwise indicated, all years referred to in this report are fiscal years.

Numbers in the text and tables of this report may not add to totals because of rounding.

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# Preface

**T**his volume compiles more than 200 specific policy options for increasing federal revenues or reducing spending in a wide variety of federal programs. This is the 16th such compendium that the Congressional Budget Office (CBO) has prepared as part of its annual report to the House and Senate Committees on the Budget. Over the years, this report has become a standard reference for developing deficit reduction plans.

The 216 specific policy options included in this report come from many sources, and most have been considered by the Congress at some time in the past. In accordance with CBO's mandate to provide objective and impartial analysis, the discussion of each option presents the cases for and against it as fairly as possible. CBO does not endorse the options included, nor does exclusion of any proposal imply a recommendation.

The report begins with an introductory chapter that provides general background information on CBO's latest deficit projections and explains how to use the options presented in this volume. The next three chapters present 177 options for reducing spending, organized by broad categories that have become the focus for deficit reduction efforts--defense and international discretionary spending, domestic discretionary spending, and entitlements and other mandatory spending. The last chapter presents 39 revenue-generating options. The report concludes with an appendix listing the spending options by the budget functions that would be affected and a glossary of budget and economic terms.

The economic assumptions and baseline budget projections underlying the estimates of spending reductions and revenue increases contained in this volume are described in more detail in the first volume of CBO's annual report, *The Economic and Budget Outlook: Fiscal Years 1996-2000* (January 1995).

All divisions of the Congressional Budget Office contributed to this report, which was coordinated by James L. Blum. Philip Joyce prepared Chapter 1. The options presented in Chapters 2 through 5 were coordinated by Mark B. Booth, David H. Moore, R. Mark Musell, Constance Rhind, and R. William Thomas. Budget authority and outlay estimates were coordinated by Paul R. Cullinan, Peter H. Fontaine, Michael A. Miller, William P. Myers, and Murray N. Ross. Revenue estimates were prepared by the staffs of the Congressional Budget Office and the Joint Committee on Taxation and were reviewed by the Tax Analysis Division of CBO under the supervision of Rosemary D. Marcuss.

Paul L. Houts and Sherry Snyder supervised the editing and production of the report. Major portions were edited by Paul L. Houts, Sherry Snyder, Sherwood D. Kohn, and Leah Mazade. Christian Spoor provided editorial assistance during production. The authors owe special thanks to Mary Braxton, Cynthia Cleveland, Sharon Corbin-Jallow, Marlies Dunson, Denise Jordan, Simone Thomas, and Donna Wood, who typed the many drafts. John McCarty and Kathryn Quattrone prepared the report for publication.

Robert D. Reischauer  
Director

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